

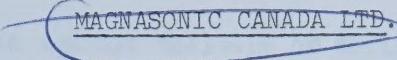
TORONTO STOCK EXCHANGE

TORONTO

BULLETIN NO. 7451

NEW LISTING

December 10th, 1969


MAGNASONIC CANADA LTD.
file

Application has been granted for the listing in the industrial category of 1,037,000 common shares without nominal or par value, of which 37,500 shares are subject to issuance.

The shares will be posted for trading at the opening on Friday, December 12th.

Stock Symbol "MGS"; Post Section 5.4; Dial Quotation Number 2333.

Listing Statement No. 2417 is being prepared. The following is some of the information that will be in this Statement:-

Incorporated - Under the laws of Canada by letters patent dated October 28th, 1954 under the name of I. Klein Ltd. and acquired the business of Mr. Ignaz Klein founded in 1950. The name was changed to Perfect Manufacturing & Supplies Corporation Ltd. in 1961 and to its present name on June 24, 1969.

Head Office - 4980 Buchan Street, Montreal, Quebec

Nature of Business - The company is the exclusive Canadian distributor of a wide range of products of four major manufacturers of high quality electronic and home entertainment products identified by the brand names, "Sanyo", "Grundig", "JVC Nivico" and "Kenwood". Products distributed include black and white and colour television sets, console stereos, AM/FM multiplex audio components and modular systems, solid state radios and cassette and reel to reel tape recorders. The company also distributes video tape recorders, closed circuit television systems, electronic calculators, car radios and eight-track cartridge players, indoor television antennas, communication equipment, washing machines, refrigerators and a wide range of electronic parts, components and accessories.

In addition, the company distributes over 1,000 items under its own brand name, "Selfix", including microphones, speakers, headphones, transistors, transformers, meters, test equipment and phonograph cartridges. These items are sold to other electronics wholesale distributors and to original equipment manufacturers. The company also markets popular-priced radios, tape recorders and eight-track car players under the "Magnasonic" brand name.

Transfer Agent and Registrar - Montreal Trust Company, Montreal, Toronto, Halifax, Calgary, Vancouver

Officers -

President	- I. Klein, Outremont, Quebec
Executive Vice-President	- B. Klein, Outremont, Quebec
Vice-President	- R. Klein, Toronto, Ontario
Vice-President	- E. Marx, Laval, Quebec
General Manager	
Vice-President, Finance	- R. Hirschel, C.A., Cote St. Luc, Quebec
Secretary-Treasurer	

Directors - I. Klein, B. Klein, R. Klein, E. Marx and R. Hirschel, C.A. and the following:

L. Rosentzveig, Q.C., Montreal, P.Q., Partner in law firm - Mendelsohn, Rosentzveig, Shacter, Taviss, Shayne, Greenstein & Levitt
W. C. Corbett, Baie d'Urfe, Quebec, Treasurer, Bell Canada

Capitalization - As at the 18th day of September, 1969

<u>Share Capital</u>	<u>Authorized</u>	<u>Issued and Outstanding</u>	<u>To be Listed</u>
Common shares without nominal or par value	2,000,000	750,000	1,037,500

Offering by Prospectus - By agreement dated September 29, 1969, between the company and Pitfield, Mackay, Ross & Company Limited (the "Underwriter"), on its own behalf as underwriter, the company has agreed to sell and the Underwriter has agreed to buy the 250,000 common shares offered by this prospectus for an aggregate consideration of Cont'd

\$1,278,750. payable in cash against delivery of definitive certificates representing the said common shares on or about October 20th, 1969, upon and subject to the terms and conditions set forth in the said agreement.

Pursuant to the said agreement, the company has granted to the Underwriter an option to purchase up to 12,500 additional common shares at a price of \$5.50 per share at any time and from time to time for a period of eighteen months from the date of such agreement.

Purpose of Issue - The estimated net proceeds to be derived by the company from the sale of the 250,000 common shares offered by this prospectus, amounting to \$1,228,750. after deducting the estimated expenses of issue payable by the company, will be added to the working capital of the company and may be used in part to provide the funds for the company's investment in Sanyo Canada Limited referred to under "Joint Venture".

Shares Under Option - 25,000 shares are reserved for option to officers and employees. 12,500 shares are reserved for an option to the Underwriter.

Funded Debt - The company's funded debt is \$360,000.00 evidenced by 7½% subordinated notes due September 1, 1974, and repayable in whole or in part at the option of the company at any time after September 1, 1970, provided that such repayment does not have the effect of reducing the company's consolidated working capital below \$2,000,000.00

Escrowed Shares - 28,000 shares will be held in escrow pursuant to an escrow agreement with Montreal Trust Company as escrow agent, which 28,000 shares cover a key employee stock purchase plan and will be released at the rate of 20% per year over a five year period, subject to certain conditions.

Earnings - For the year ended March 31st

1965	-	\$ 36,326
1966	-	42,625
1967	-	37,200
1968	-	118,785
1969	-	395,898

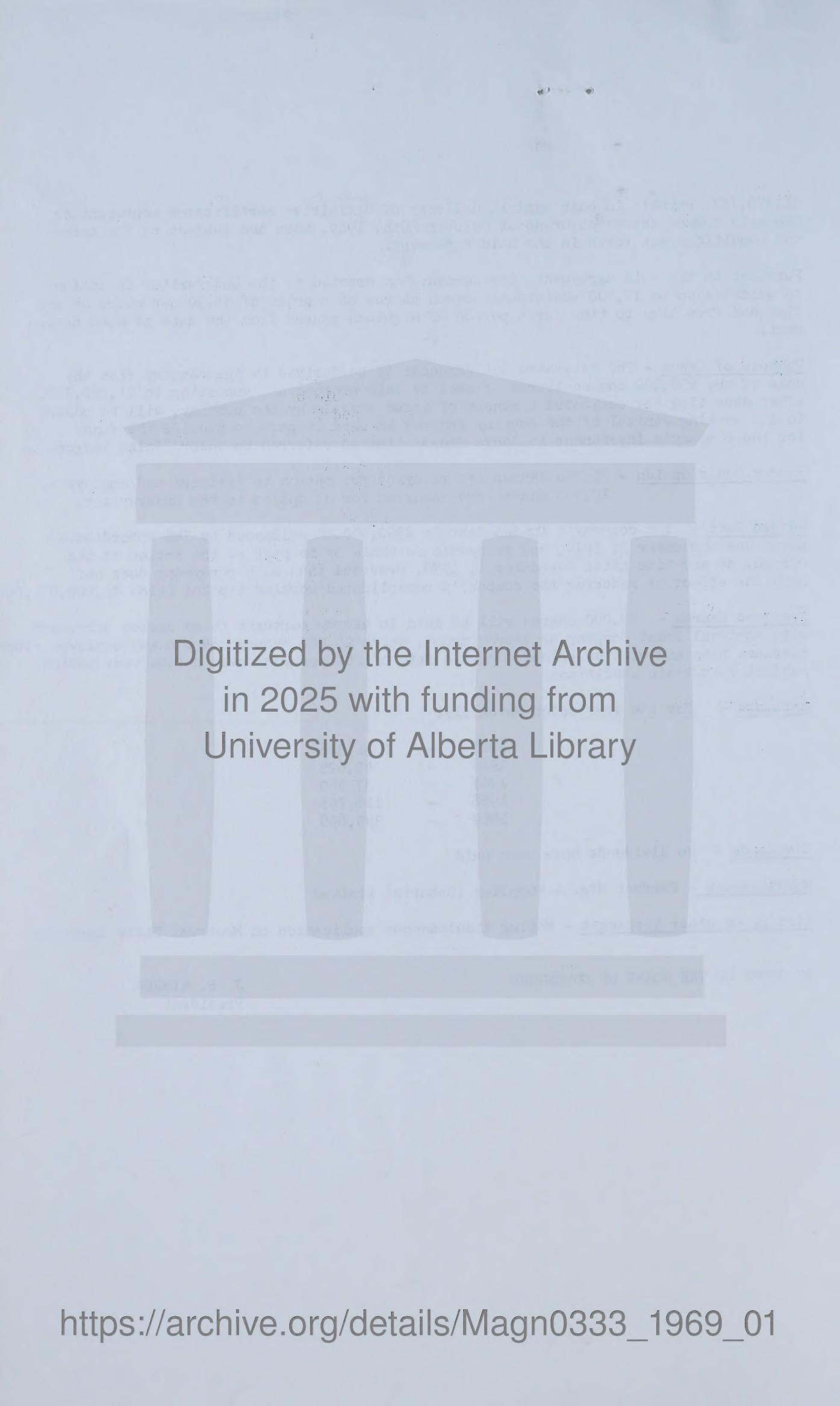
Dividends - No dividends have been paid

Subsidiaries - Perfect Mfg. & Supplies (Ontario) Limited

Listing on other Exchanges - Making simultaneous application on Montreal Stock Exchange.

BY ORDER OF THE BOARD OF GOVERNORS

J. R. KIMBER
President



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This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT NO. 2417.

LISTED DECEMBER 12, 1969.

1,037,500 Common shares without nominal or par value of which 37,500 shares are subject to issuance.

Stock Symbol "MGS".

Post Section 5.4.

Dial Quotation No. 2333.

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

MAGNASONIC CANADA LTD.

Incorporated under the laws of Canada by

Letters Patent dated October 28, 1954

CAPITALIZATION AS AT 18TH DAY OF SEPTEMBER, 1969

<u>SHARE CAPITAL</u>	<u>AUTHORIZED</u>	<u>ISSUED AND OUTSTANDING</u>	<u>TO BE LISTED</u>
Common shares without nominal or par value	2,000,000	750,000	1,037,500

September 18th, 1969

1.

APPLICATION

MAGNASONIC CANADA LTD., hereinafter called "the Company", hereby makes application for the listing on The Toronto Stock Exchange of 1,037,500 common shares, without par value in the capital stock of the Company, of which 750,000 have been issued and are outstanding as fully paid and non-assessable. The remaining 287,500 common shares included in this Application have been reserved as follows:

Options for 25,000 shares to officers and employees (other than Messrs. Ignaz Klein, Bernard Klein, and Reuben Klein) exercisable as to 5,000 shares at \$5.50 per share on or before September 1, 1970. The balance of 20,000 shares is exercisable in whole or in part up to September 1, 1974, provided that the option price shall be as follows:

\$6.00 per share as exercisable after September 1, 1970, and on or before September 1, 1971;

\$6.50 per share as exercisable thereafter and on or before September 1, 1972;

\$7.00 per share as exercisable thereafter and on or before September 1, 1973;

\$7.50 per share as exercisable thereafter and on or before September 1, 1974.

However, the foregoing is subject to the regulations of The Toronto Stock Exchange which permits the setting aside of the options, but the exercise price may only be determined at the time of the granting of the options.

250,000 shares to be sold to Pitfield, Mackay, Ross and Company Limited, hereinafter called "the Underwriter", and resold to the public.

Option for 12,500 shares at \$5.50 per share to the Underwriter.

2.

HISTORY

The Company was incorporated in 1954 under the name I. Klein Ltd. to acquire the business of Ignaz Klein, founded in 1950.

3.

NATURE OF BUSINESS

The Company is engaged in the distribution of a wide range of quality electronic and home entertainment products and is the exclusive Canadian distributor of the brand names "Sanyo", "Grundig", "JVC Nivico" and "Kenwood". Products distributed include black and white and colour television sets, console stereos, AM/FM multiplex audio components and modular systems, solid state radios, and cassette and reel-to-reel tape recorders, video tape recorders, closed circuit television systems, electronic calculators, car radios and eight-track cartridge players, indoor television antennas, communication equipment, washing machines, refrigerators, and a wide range of electronic parts, components and accessories. In addition, the Company distributes microphones, speakers, headphones, transistors, transformers, meters, test equipment, and phonograph cartridges.

The Company distributes these products to regional distributors, retail outlets, large retail, chain and department stores, wholesale distributors, and original equipment manufacturers throughout Canada. The Company is the registered owner of the trade marks "Selfix" and "Magnasonic" amongst others.

In 1968, the Company purchased the net assets of Magnasonic Industries Ltd., and Ruba International Corporation.

Combined sales (including commissions earned) of the Company, Ruba International Corporation, and Magnasonic Industries Ltd. for the five years ended March 31, 1969, were as follows:

<u>Year Ended March 31</u>	<u>Sales (1)</u>
1965	\$ 2,368,528.
1966	3,010,461.
1967	2,973,652.
1968	6,980,039.
1969	11,323,691.

- (1) The 1965 figure includes the initial ten months' sales of Magnasonic Industries Ltd. and due to a change in fiscal year-ends, the 1967 figure includes only five months' sales of Ruba International Corporation and eleven months' sales of Magnasonic Industries Ltd.

The Company employs 132 persons.

4.

INCORPORATION

The Company was incorporated on October 28, 1954, with an authorized capital of \$75,000.00 comprising 350 common shares and 400 preferred shares, each of the par value of \$100.00. By Supplementary Letters Patent, dated November 23, 1961, the name of the Company was changed from "I. Klein Ltd." to "Perfect Manufacturing & Supplies Corporation Ltd." By Supplementary Letters Patent, dated June 24, 1969, the Company changed its name from "Perfect Manufacturing & Supplies Corporation Ltd." to "Magnasonic Canada Ltd." and reduced its authorized capital to \$56,000.00 by cancelling 190 previously issued and subsequently redeemed preferred shares; changed 350 issued common shares into 750,000 common shares without nominal or par value; changed 210 unissued preferred shares into 450,000 common shares without nominal or par value; and created an additional 800,000 common shares without nominal or par value, so that the present authorized capital of the Company now consists of 2,000,000 common shares without nominal or par value.

5.

SHARES ISSUED DURING PAST TEN YEARS

On April 1, 1955, the Company purchased for \$20,000.00 the assets of Perfect Manufacturing & Supplies Corporation (a sole proprietorship) from Ignaz Klein and issued in payment 160 common and 40 preferred shares of the par value of \$100.00 each (including 3 common shares issued to the incorporators).

On April 30, 1957, and October 15, 1959, the Company issued 50 and 100 preferred shares of the par value of \$100.00 each respectively in consideration for \$15,000.00 in cash to be used as additional working capital.

On February 21, 1969, the Company issued 31 common shares at par to Magnasonic Industries Ltd. and 19 common shares at par to Ruba International Corporation on account of the purchase price of the assets of the respective companies as going concerns.

On May 30, 1969, the Company issued 140 common shares of a par value of \$100.00 each, for a total of \$14,000.00, payable in cash, which issue was to maintain in part the paid-up capital of the Company reduced by the redemption of 190 preferred shares at the par value of \$100.00 each.

6.

STOCK PROVISIONS AND VOTING POWERS

The holders of common shares are entitled to one vote per share at all meetings of the Company. All common shares rank equally with all other common shares in respect of dividend payment and upon a winding-up or dissolution of the Company.

7.

DIVIDEND RECORD

The Company has not paid any dividends on its shares.

8.

RECORD OF PROPERTIES

The Company owns no real property.

The Company's head office, principal showrooms, service depot and warehousing facilities consist of approximately 40,000 square feet of leased space at 4980 and 5000 Buchan Street in Montréal. These modern, fireproof, fully sprinklered buildings are of steel and concrete block construction. Additional warehousing space is leased from independent warehousing companies as required. The Toronto office occupies approximately 7,500 square feet of leased space, consisting of showroom, offices and service depot, at 14 Banigan Drive, in Thorncliffe Park.

9.

SUBSIDIARY COMPANIES

The Company owns all of the issued shares of Perfect Mfg. & Supplies (Ontario) Limited, which company has no assets or liabilities. The organization of this company has not yet been completed.

10.

FUNDED DEBT

The Company's funded debt is \$360,000.00, evidenced by 7½% subordinated notes due September 1, 1974, and redeemable in whole or in part at the option of the Company at any time after September 1, 1970, provided that such repayment does not have the effect of reducing the Company's consolidated working capital below \$2,000,000.00.

11.

OPTIONS, UNDERWRITINGS, ETC.

a) The Company has reserved 25,000 Common Shares for issue upon the exercise of options to be granted to officers and employees of the Company (other than Messrs. Ignaz Klein, Bernard Klein and Reuben Klein). Such options may be exercised as to 5,000 shares at a price of \$5.50 per share at any time on or before September 1, 1970. Such options may thereafter be exercised in whole or in part at any time and from time to time up to September 1, 1974, provided that the option price shall be \$6.00 per share if exercised after September 1, 1970, and on or before September 1, 1971; \$6.50 per share if exercised thereafter and on or before September 1, 1972; \$7.00 per share if exercised thereafter and on or before September 1, 1973; and \$7.50 per share if exercised thereafter and on or before September 1, 1974. However, the foregoing is subject to the regulations of The Toronto Stock Exchange which permits the setting aside of the options but the exercise price may only be determined at the time of the granting of the options.

b) Pursuant to an underwriting agreement with Pitfield, Mackay, Ross and Company Limited to be signed on or about September 25, 1969, the Company will grant to Underwriter an option to purchase 12,500 common shares at a price of \$5.50 per share at any time and from time to time within eighteen (18) months from the date of the signing of the Underwriting Agreement.

c) There are no underwriting agreements outstanding.

d) By agreement dated September 29, 1969, the holders of the presently outstanding 750,000 Common Shares have each agreed not to sell, assign, hypothecate, transfer or otherwise dispose of any Common Shares in the capital of the Company owned by them for a period of one year from the date of such agreement without the prior written consent of the Underwriter.

Pursuant to an escrow agreement dated October 20, 1969, 375,000 of the above 750,000 shares cannot be released from escrow or transferred, hypothecated or otherwise alienated without the prior written consent of the Québec Securities Commission and the Ontario Securities Commission.

Such shares are owned by Ignaz Klein as to 252,000 shares, Bernard Klein Holdings Ltd. as to 72,000 shares, Rubin Klein Holdings Ltd. as to 36,000 shares, Robert Hirschel as to 15,000 shares.

e) The Company has established a key employee stock purchase plan pursuant to which 28,000 of the 250,000 Common Shares to be offered to the public will be sold at the issue price to certain key employees of the Company. The individual purchases will borrow the purchase price from the Company's bankers and the Company has agreed to guarantee their loans. The 28,000 Common Shares will be held in escrow pursuant to an escrow agreement with Montreal Trust Company as escrow agent, which agreement provides that 20% of the escrowed Common Shares held for each individual shall be released on September 1 in each of the years 1970 to 1974 inclusive, provided such individual is then still in the employ of the Company and provided that the portion of the bank loan attributable to the Common Shares so released has been repaid.

The escrow agreement further provides that in the event that any individual ceases to be employed by the Company, he is to receive free from escrow 1/60th of the number of Common Shares originally held in escrow for him for each completed month of service, disregarding fractions, minus the Common Shares previously released from escrow. The balance of Common Shares will be sold on the open market or to another employee or employees, as directed by the committee administering the plan, at a price equal to the lesser of the original issue price of such Common Shares plus accrued bank carrying charges thereon or the market value thereof, and the vendor will receive in respect thereof only the amount, if any, remaining after applying the proceeds of such sale to the repayment of the bank loan incurred in purchasing such shares. If such proceeds are insufficient to repay such bank loan in full, the unpaid principal of the bank loan incurred with respect to such shares shall be borne by the Company.

Provision is also made in the escrow agreement for the release of the Common Shares in the event of the death of an individual or at the discretion of the committee administering the plan for any other reason.

12. **LISTING ON OTHER STOCK EXCHANGES**

The Company is making a simultaneous application for listing of its shares on the Montreal Stock Exchange.

13. **STATUS UNDER SECURITIES ACTS**

A prospectus covering a proposed offering of 250,000 common shares has been filed with the Securities Commissions or other regulatory bodies in all Provinces of Canada. It is expected that the Underwriter will offer these securities on or about September 30, 1969, for delivery on or about October 15, 1969.

14. **FISCAL YEAR**

The fiscal year of the Company ends on March 31st of each year.

15. **ANNUAL MEETINGS**

The by-laws of the Company provide that the annual meeting of the Company shall be held at such time and on such day in each year as the Board may from time to time determine. The last annual meeting of the Company was held on the 27th day of June, 1969.

16. **HEAD AND OTHER OFFICES**

The head office is located at 4980 Buchan Street, Montréal, and maintains an office at 14 Banigan Drive, Thorncliffe Park, Ontario.

17. **TRANSFER AGENT**

Montreal Trust Company is the transfer agent of the Company at the following addresses:

MONTREAL—777 Dorchester Boulevard West.

TORONTO—15 King Street West.

HALIFAX—1695 Hollis Street.

CALGARY—522-8th Avenue South West.

VANCOUVER—466 Howe Street.

Share certificates are mutually interchangeable at the above referred-to addresses of the Transfer Agent.

18. **TRANSFER FEE**

No fee is charged on stock transfers other than the customary Government stock transfer taxes.

19. **REGISTRAR**

Montreal Trust Company is the Registrar of the Company at the following addresses:

MONTREAL—777 Dorchester Boulevard West.

TORONTO—15 King Street West.

HALIFAX—1695 Hollis Street.

CALGARY—522-8th Avenue South West.

VANCOUVER—466 Howe Street.

20. **AUDITORS**

The auditors of the Company are Messrs. Zitrer, Siblin, Stein, Levine & Co., Chartered Accountants, 4115 Sherbrooke Street West, Westmount, Québec.

21. **DIRECTORS AND OFFICERS**

The names and home addresses in full of the directors and officers of the Company, the positions or offices in the Company held by each, and the principal occupation of each during the past five years are as follows:

<u>Name and Address</u>	<u>Office</u>	<u>Principal Occupation</u>
Ignaz Klein 763 Davaar Avenue Outremont, Québec	President and Director	President of the Company

This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered.

New Issue

250,000 Common Shares

without nominal or par value

Magnasonic Canada Ltd.

The 250,000 Common Shares offered by this prospectus are authorized but unissued shares and are being acquired from the Company. There is no market for the Common Shares of the Company and the price of these shares has been determined by negotiation between the Underwriter and the Company.

Applications have been made to The Toronto Stock Exchange and the Montreal Stock Exchange to list the Common Shares of the Company. Acceptance of these applications will be subject to the filing of required documents and evidence of satisfactory distribution, both within 90 days.

	Price to Public	Underwriting Discount(1)	Proceeds to the Company(2)
Per Share.....	\$ 5.50	\$0.385	\$5.115
Total.....	\$1,375,000	\$96,250	\$1,278,750

(1) In addition, the Company has granted an option to the Underwriter to purchase 12,500 Common Shares as referred to under "Plan of Distribution".

(2) Before deduction of expenses of issue payable by the Company, estimated at \$50,000.

Reference is made to the heading "Speculative Nature of the Securities" on page 7 for the speculative factors, including immediate dilution of book value, of the Common Shares offered by this prospectus.

Of the 250,000 Common Shares offered by this prospectus, 28,000 shares are being sold to employees of the Company under its stock purchase plan described on page 12. We, as principals, offer the remaining 222,000 Common Shares if, as and when issued by the Company and accepted by us, subject to prior sale and subject to the right to reject any application in whole or in part and to withdraw this offer at any time without prior notice. It is expected that definitive share certificates will be available for delivery on or about October 20, 1969.

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

The attention of purchasers in the Provinces of Alberta, Manitoba, Ontario and Saskatchewan of any of the securities offered by this prospectus which are offered in such Provinces is drawn to certain statutory provisions which permit such purchasers in certain events and subject to certain conditions,

- (a) to withdraw from any agreement of purchase if written or telegraphic notice evidencing the intention of the purchaser not to be bound by the agreement of purchase is received by the vendor or his agent not later than midnight on the second business day after the final prospectus or amended final prospectus is received or deemed to be received by the purchaser or his agent; and
- (b) to rescind the agreement of purchase by institution of legal proceedings within ninety days from the date of receipt or deemed receipt of the final prospectus or an amended final prospectus by the purchaser or his agent or the date of the agreement of purchase, whichever is later, if such prospectus or amended prospectus, as of the date of receipt or deemed receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made.

The full text of such provisions is contained in Sections 63 and 64 of The Securities Act, 1967 (Alberta), of The Securities Act, 1968 (Manitoba) and of The Securities Act, 1966 (Ontario) and in Sections 70 and 71 of The Securities Act, 1967 (Saskatchewan).

The attention of purchasers in the Province of British Columbia of any of the securities offered by this prospectus which are offered in such Province is drawn to Sections 61 and 62 of the Securities Act, 1967 (British Columbia) which provide in effect that, where a security is offered to the public in the course of primary distribution,

- (a) a purchaser has the right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports, as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within sixty days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice; and
- (b) a purchaser has the right to rescind the agreement of purchase by institution of legal proceedings within ninety days from the date of receipt or deemed receipt of the final prospectus or an amended final prospectus by the purchaser or his agent or the date of the agreement of purchase, whichever is later, if such prospectus or amended prospectus, as of the date of receipt or deemed receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made.

Reference is made to the last mentioned Act for the complete text of the provisions under which the foregoing rights are conferred.

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THE COMPANY

Magnasonic Canada Ltd. (the "Company") is engaged in the distribution of a wide range of quality electronic and home entertainment products. Sales, including commissions earned, for the year ended March 31, 1969 aggregated \$11,323,691 and net earnings for the period amounted to \$395,898. The Company was incorporated under the laws of Canada by letters patent dated October 28, 1954 under the name of I. Klein Ltd. and acquired the business of Mr. Ignaz Klein founded in 1950. The name was changed to Perfect Manufacturing & Supplies Corporation Ltd. in 1961 and to its present name on June 24, 1969. The net assets of Ruba International Corporation and Magnasonic Industries Ltd., formed in 1961 and 1964 respectively by Mr. Klein and members of his family, were acquired by the Company effective April 1, 1968. Since 1965, the Company has concentrated on the distribution of a wide range of home entertainment products supplied by a leading German and three major Japanese manufacturers and has phased out various other products previously distributed by the Company.

The Company has a wholly-owned subsidiary, Perfect Mfg. & Supplies (Ontario) Limited, which has no assets or liabilities.

The address of the Company's head and principal office is 4980 Buchan Street, Montreal, Quebec.

BUSINESS OF THE COMPANY

Products Distributed

The Company is the exclusive Canadian distributor of a wide range of products of four major manufacturers of high quality electronic and home entertainment products identified by the brand names, "Sanyo", "Grundig", "JVC Nivico" and "Kenwood". Products distributed include black and white and colour television sets, console stereos, AM/FM multiplex audio components and modular systems, solid state radios and cassette and reel to reel tape recorders. The Company also distributes video tape recorders, closed circuit television systems, electronic calculators, car radios and eight-track cartridge players, indoor television antennas, communication equipment, washing machines, refrigerators and a wide range of electronic parts, components and accessories.

In addition, the Company distributes over 1,000 items under its own brand name, "Selfix", including microphones, speakers, headphones, transistors, transformers, meters, test equipment and phonograph cartridges. These items are sold to other electronics wholesale distributors and to original equipment manufacturers. The Company also markets popular-priced radios, tape recorders and eight-track car players under the "Magnasonic" brand name.

Sales

Combined sales (including commissions earned) of the Company, Ruba International Corporation and Magnasonic Industries Ltd. for the five years ended March 31, 1969 were as follows:

Year Ended March 31	Sales (1)
1965.....	\$ 2,368,528
1966.....	3,010,461
1967.....	2,973,652
1968.....	6,980,039
1969.....	11,323,691

(1) The 1965 figure includes the initial ten months' sales of Magnasonic Industries Ltd. and due to a change in fiscal year ends the 1967 figure includes only five months' sales of Ruba International Corporation and eleven months' sales of Magnasonic Industries Ltd.

For the year ended March 31, 1969, the Company's sales volume by principal regions was as follows: Maritimes — 8.6%, Quebec — 31.2%, Ontario — 36.1%, Prairies — 16.0% and British Columbia — 8.1%.

For the year ended March 31, 1969, sales of television sets accounted for approximately 30% and other home entertainment products for approximately 50% of the Company's total sales volume. Although over 85% of its sales are represented by products imported from Japan, less than 10% of its sales volume related to products presently subject to quotas and in the past the Company has always been able to obtain all of such products in quantities sufficient to meet its requirements.

The Company distributes its products to regional distributors, retail outlets, large retail chains and department stores from coast to coast throughout Canada. Its over 1,200 active accounts are serviced from sales offices and warehouses in Montreal and Toronto and show room facilities in Winnipeg, Edmonton and Vancouver. The Company conducts national advertising campaigns for its consumer products on a participating basis with its suppliers. To expedite the supply of its products the Company maintains Telex communications with its principal suppliers in Japan and Germany.

The Company's products are sold under warranty for parts and labour, and in order to assure the proper performance of its warranties the Company presently maintains warranty service agreements with over fifty authorized service depots throughout Canada. Purchasers of the Company's products may obtain service after the warranty period from these authorized service depots and the Company maintains an inventory of spare parts for most of the products which it distributes.

In addition to its distributing business where it acts as principal, the Company also acts as agent for customers with respect to products purchased by them for resale under private labels. The sales attributable to this business are not reflected in the Company's sales since only the earned commission income is recorded in its accounts. The income derived from this source amounted to \$113,149 for the year ended March 31, 1969.

PRINCIPAL SUPPLIERS

The Company's principal suppliers are Sanyo Electric Co., Ltd. ("Sanyo"), Grundig Verkaufs G.m.b.H. ("Grundig"), Victor Company of Japan, Ltd. ("Nivico") and Trio Electronics, Inc. ("Trio").

Sanyo is a major Japanese industrial complex manufacturing a wide range of electronic and home entertainment products. It maintains manufacturing facilities in several countries and its world-wide sales in 1968 were over \$475 million, including over \$100 million of exports. The Company's "Sanyo" line is its largest and most complete product line and for the year ended March 31, 1969 accounted for approximately 65% of its sales. Three Sanyo representatives are permanently located at the Company's offices in Montreal.

Grundig is one of the world's leading manufacturers of high quality home entertainment products, including console stereos and modular systems. Console stereos of this well-known German company are assembled in Canada by the Company. The wood cabinets, designed to appeal to North American tastes and frequently of the Company's own design, are manufactured for the Company in Canada. The Company is the exclusive distributor for Grundig home entertainment products presently exported to Canada.

Nivico, originally a subsidiary of RCA but now owned by Japanese interests, markets its line of home entertainment products in Canada, the United States and Europe under the name "JVC Nivico". The Company is the exclusive Canadian distributor for most of the Nivico home entertainment products.

Trio is one of Japan's leading manufacturers of high quality audio components. By agreement with Trio the manufacturer, and Kenwood Electronics Inc. of Los Angeles, California ("Kenwood") the owner of the trade name "Kenwood", one of the leading names in the high quality audio field, the Company has the exclusive right to distribute in Canada the "Kenwood" line of stereo receivers, amplifiers and modular systems.

NEW PRODUCTS

The Company distributes the closed circuit television systems (CCTV) manufactured by Ikegami Tsushinki Co. Ltd., the amplifiers and public address systems produced by Toa Electric Co. Ltd. and Sanyo and Nivico video tape recorders, both black and white and colour. CCTV and video tape recorders presently have wide institutional and industrial applications and are used extensively as audio-visual teaching aids by schools and hospitals and for security, supervision and control purposes by commerce and industry. Video tape recorders are presently being developed to appeal to the mass consumer market.

There is a growing demand for more sophisticated office equipment, and the Company has recently commenced the distribution of the Sanyo line of electronic calculators to participate in this market. The Sanyo line is being expanded to include compact rechargeable electronic calculators, print-out calculators and calculators with storage facilities.

JOINT VENTURE

The Company and Sanyo Electric Trading Co., Ltd., the international subsidiary of Sanyo, have incorporated a company, Sanyo Canada Limited, to manufacture television sets in Canada. Each owns one-half of the issued share capital of Sanyo Canada Limited and each is obliged initially to invest \$150,000 by way of capital and loan which will be used to finance the initial production facilities. Further amounts may be advanced by the shareholders to provide working capital for Sanyo Canada Limited. Plant facilities have been leased in Montreal and it is expected that assembly operations will commence in December of this year. Products will be sold under the "Sanyo" brand name and under customers' private labels. It is expected that one-half of the initial production will be sold to customers under private labels. The Company will be the exclusive distributor for all products of Sanyo Canada Limited manufactured under the "Sanyo" name.

PRINCIPAL DISTRIBUTORSHIP CONTRACTS

Sanyo

By agreement dated January 1, 1968 with Sanyo, the Company has the exclusive sales and distribution rights in Canada for all consumer electric and electronic products, all office equipment and products and all component parts manufactured by Sanyo and its subsidiary or associated corporations under the "Sanyo" name up to January 1, 1975. The agreement is thereafter automatically renewed for a further period or periods of five years unless terminated by either party on giving one year's notice to the other. The contract calls for annual minimum purchases based on a percentage of the total dollar volume of products covered by the contract exported from Japan to Canada. For the year 1968, the percentage was 5% and the purchases of the Company from Sanyo were in excess of twice the minimum requirement. Each year the minimum is increased by 1% to a maximum of 10% for 1974 and subsequent years.

Grundig

By agreements dated January 23, 1967 and June 13, 1969 with Grundig, the Company has the exclusive right to distribute in Canada hi-fi stereos and consoles, radios, tape recorders and parts, until

December 31, 1972. The agreement calls for minimum annual purchases in each year which are gradually increased. The Company has each year exceeded its minimum annual requirements under prior agreements with Grundig and its 1968 sales were in excess of the 1971 minimum requirement under the present agreement.

JVC Nivico

The Company's present agreement with Nivico has been extended to October 1, 1970, and is automatically renewable thereafter for further periods of one year unless either party gives prior notice to the contrary. Pursuant to this agreement the Company has the exclusive right to sell in Canada stereo console sets, black and white and colour television sets, portable radio phonographs and phonographs, speaker systems, tuners and amplifiers, and chassis and assembly component units of televisions and stereos bearing the trademark "JVC Nivico". The agreement calls for minimum annual purchases in each year which are gradually increased.

Kenwood

By agreement dated April 1, 1969 the Company's agreement with Kenwood and Trio was renewed to March 31, 1975. The Company has the exclusive right to sell in Canada Kenwood amplifiers, tuners, receivers, speakers, tape decks and modular compact units under this agreement. The agreement calls for minimum annual purchases in each year which are gradually increased.

PROPERTY

The Company's head office, principal showrooms, service depot and warehousing facilities consist of approximately 40,000 square feet of leased space at 4980 and 5000 Buchan Street in Montreal. These modern, fireproof, fully sprinklered buildings are of steel and concrete block construction. Additional warehousing space is leased from independent warehousing companies as required. Approximately two-thirds of the overall warehousing space is designated as bonded and is subject to government inspection. The Toronto office occupies approximately 7,500 square feet of leased space, consisting of showroom, offices and service depot, at 14 Banigan Drive in Thorncliffe Park.

The Company leases its premises in Montreal at a total annual rental of \$58,168, the leases in respect of which expire April 30, 1972 (5000 Buchan Street) and March 31, 1973 (4980 Buchan Street). Options to renew for a further period of one to five years exist with respect to 5000 Buchan Street, such renewals expiring not later than April 30, 1977. The Toronto premises are leased for the term expiring September 30, 1971 at an annual rental of \$14,700 and the leases provide for renewal options for a further period of five years. The Company is responsible for all expenses in connection with its occupancy of the leased premises.

SPECULATIVE NATURE OF THE SECURITIES

The agreements referred to under "Principal Distributorship Contracts" contain terms and conditions which permit their prior termination in certain events. The Common Shares offered by this prospectus may be considered as speculative to the extent that the Company's operations depend on its ability to distribute the products of its suppliers covered by such agreements.

In addition, before the completion of this financing, the tangible book value of the outstanding 750,000 Common Shares of the Company was \$1.13 per share. Upon completion of the financing the 1,000,000 Common Shares to be outstanding will have a tangible book value of \$2.07 per share. The purchasers of the Common Shares offered by this prospectus at a price of \$5.50 per share are suffering an immediate dilution in the book value of their shares equal to \$3.43 per share.

SHAREHOLDERS

As of the date hereof, the 750,000 outstanding Common Shares of the Company were owned of record and beneficially as follows:

Name and Address	Type of Ownership	Number of Common Shares Owned	Percentage of Common Shares Outstanding
Ignaz Klein, 763 Davaar Avenue, Outremont, Quebec.	Of record and beneficially	504,000(1)	67.2
Bernard Klein, 40 Kelvin Street, Outremont, Quebec.	Of record and beneficially	33,286	4.4
Bernard Klein Holdings Ltd.,(2) 4980 Buchan Street, Montreal, Quebec.	Of record and beneficially	110,714	14.8
Reuben Klein, 400 Walmer Road, Toronto, Ontario.	Of record and beneficially	4,143	0.6
Reuben Klein Holdings Ltd.,(2) 4980 Buchan Street, Montreal, Quebec.	Of record and beneficially	67,857	9.0
Robert Hirschel, 5605 Randall Avenue, Cote St. Luc, Quebec.	Of record and beneficially	30,000	4.0
Total		750,000	100.0%

- (1) Three of these shares beneficially owned by Mr. Ignaz Klein are held of record in the names of three directors as qualifying shares.
- (2) Bernard Klein beneficially owns all the outstanding shares of Bernard Klein Holdings Ltd. (formerly Magnasonic Industries Ltd.) and Reuben Klein beneficially owns all the outstanding shares of Reuben Klein Holdings Ltd. (formerly Ruba International Corporation).

MANAGEMENT

Directors and Officers

The names and home addresses in full of the directors and officers of the Company, the positions or offices in the Company held by each, and the principal occupation of each during the past five years are as follows:

Name and Address	Office	Principal Occupation
Ignaz Klein,..... 763 Davaar Avenue, Outremont, Quebec.	President and Director	President of the Company.

Name and Address	Office	Principal Occupation
Bernard Klein, 40 Kelvin Street, Outremont, Quebec.	Executive..... Vice-President and Director	Executive Assistant to the President of the Company since April 1, 1968, prior to which he was President and General Manager of Magnasonic Industries Ltd.
Reuben Klein, 400 Walmer Road, Toronto, Ontario.	Vice-President..... and Director	General Manager, Ontario, of the Company since April 1, 1968, prior to which he was President and General Manager of Ruba Interna- tional Corporation.
Emil Marx, 4532 — 9th Street, Laval, Quebec.	Vice-President..... General Manager and Director	General Manager of the Company since October 18, 1966, prior to which he was employed by Grundig Verkaufs G.m.b.H.
Robert Hirschel, C.A., 5605 Randall Avenue, Cote St. Luc, Quebec.	Vice-President —..... Finance, Secretary- Treasurer and Director	Vice-President — Finance of the Company since July 8, 1969 prior to which he was a partner in the firm of Zitrer, Siblin, Stein, Levine & Co.
Leo Rosentzveig, Q.C., 4805 Circle Road, Montreal, Quebec.	Director.....	Partner in law firm of Mendelsohn, Rosentzveig, Shacter, Taviss, Shayne, Greenstein & Levitt.
William Cecil Corbett, 20610 Lakeshore Road, Baie d'Urfe, Quebec.	Director.....	Treasurer, Bell Canada.

Remuneration and Pension Benefits

The aggregate direct remuneration paid by the Company to the directors and senior officers of the Company for the fiscal year ended March 31, 1969 was \$71,970 and for the three months ended June 30, 1969 was \$25,400. The Company has a pension plan of which Mr. and Mrs. Ignaz Klein are the sole beneficiaries. This plan is fully funded and no further contributions are payable by the Company.

Interest of Management and Others

The building located at 4980 Buchan Street is owned by Perma Holdings Inc., a company owned by Ignaz Klein and members of his family. Mr. Klein also owns a 25% interest in 5000 Buchan Street. Both of these properties are leased in part to the Company as more fully described under "Property".

Pursuant to an agreement dated February 21, 1969, the Company purchased the net assets of Magnasonic Industries Ltd. as at March 31, 1968 for a consideration of \$64,477 being the book value of such net assets as at March 31, 1968. The purchase price was paid by the issue of 31 common shares of the Company as then constituted (being the equivalent of 66,429 Common Shares valued at \$0.97 per share as presently constituted) having an aggregate book value as at March 31, 1968 of \$64,367, and \$110 in cash. Bernard Klein beneficially owns all the outstanding shares of Magnasonic Industries Ltd. which has subsequently ceased carrying on business and changed its name to Bernard Klein Holdings Ltd.

Pursuant to an agreement dated February 21, 1969, the Company purchased the net assets of Ruba International Corporation as at March 31, 1968 for a consideration of \$40,487 representing the book value of such net assets as at March 31, 1968. The purchase price was paid by the issue of 19

common shares of the Company as then constituted (being the equivalent of 40,714 Common Shares valued at \$0.97 per share as presently constituted), having an aggregate book value as at March 31, 1968 of \$39,450, and \$1,037 in cash. Reuben Klein beneficially owns all the outstanding shares of Ruba International Corporation which has subsequently ceased carrying on business and changed its name to Reuben Klein Holdings Ltd.

On June 26, 1968 Ignaz Klein sold 11 common shares and 2 common shares of the Company as then constituted (being the equivalent of 23,571 Common Shares and 4,286 Common Shares as now constituted) to Bernard Klein and Reuben Klein for a consideration of \$22,840 and \$4,153 respectively, being \$0.97 per share as presently constituted. By agreement dated July 8, 1969 Robert Hirschel was engaged by the Company as Vice-President — Finance for a term ending September 1, 1974. On the same date Mr. Hirschel purchased an aggregate of 30,000 Common Shares of the Company from Ignaz Klein (21,000 shs.), Bernard Klein (6,000 shs.) and Reuben Klein (3,000 shs.) for a consideration of \$165,000 payable as to \$34,014 (being equivalent to the book value as at March 31, 1969 of such shares) in cash. The balance of the said consideration is not payable in cash but has been and will be compensated by other good and valuable considerations which have been agreed to by the parties.

On May 30, 1969 the Company redeemed the then outstanding 190 preferred shares of the par value of \$100 each at the par value thereof, and issued the remaining authorized but unissued 140 common shares of the par value of \$100 each at par pro rata to the holders of the then outstanding 210 common shares. Each common share as then constituted is equivalent to 2,142 6/7 Common Shares as presently constituted.

Options

The Company has reserved 25,000 Common Shares for issue upon the exercise of options to be granted to officers and employees of the Company (other than Messrs. Ignaz Klein, Bernard Klein and Reuben Klein). Such options may be exercised as to 5,000 shares at a price of \$5.50 per share at any time on or before September 1, 1970. Such options may thereafter be exercised in whole or in part at any time and from time to time up to September 1, 1974, provided that the option price shall be \$6.00 per share if exercised after September 1, 1970 and on or before September 1, 1971, \$6.50 per share if exercised thereafter and on or before September 1, 1972, \$7.00 per share if exercised thereafter and on or before September 1, 1973 and \$7.50 per share if exercised thereafter and on or before September 1, 1974.

In addition, an option to purchase 12,500 Common Shares has been granted by the Company to the Underwriter, as more fully described under "Plan of Distribution".

Prior Sales

As indicated under "Interest of Management and Others" an aggregate of 107,143 Common Shares of the Company as presently constituted were issued in connection with the acquisition of the net assets of Magnasonic Industries Ltd. and Ruba International Corporation. These shares were issued for an aggregate stated value of \$103,817 being approximately \$0.97 per share.

Escrowed Shares

Pursuant to an agreement to be entered into between certain of the present shareholders of the Company and Montreal Trust Company, as escrow agent, 375,000 of the presently outstanding 750,000 Common Shares of the Company will, prior to the issue of the 250,000 Common Shares offered by this prospectus, be placed in escrow. The escrow agreement will provide that the escrowed shares will not be released from escrow or transferred, hypothecated or otherwise alienated without the prior written consents of the Ontario and Quebec Securities Commissions.

CAPITALIZATION

Designation of Security	Authorized	Outstanding March 31, 1969	Outstanding September 5, 1969	To be outstanding upon completion of this financing
Secured bank loans (1)		\$948,437	\$1,332,999	\$1,332,999
Long-term debt (2): Loans payable.....		\$360,000	—	—
7½% Subordinated Notes.....		—	\$360,000	\$360,000
Preferred shares of the par value of \$100 each.....	400 shs.(3)	190 shs.(3) (\$19,000)	—	—
Common shares of the par value of \$100 each.....	350 shs.(3)	210 shs.(3) (\$21,000)	—	—
Common Shares without nominal or par value.....	2,000,000 shs.(4)	—	750,000 shs. (\$35,000)	1,000,000 shs. (\$1,313,750)

- (1) Particulars of the security for bank loans are given in note 4 to the financial statements.
- (2) Particulars of the long-term debt are given in note 6 to the financial statements.
- (3) As at March 31, 1969, the authorized share capital of the Company consisted of 400 preferred shares and 350 common shares, all of the par value of \$100 each, of which 190 preferred shares and 210 common shares were outstanding as fully paid and non-assessable. Pursuant to supplementary letters patent issued to the Company on June 24, 1969, the Company was recapitalized by:
- (a) the redemption of the outstanding 190 preferred shares;
 - (b) the allotment of the unissued 140 common shares pro rata to the present shareholders;
 - (c) the subdivision of the resulting 350 common shares outstanding into 750,000 Common Shares without nominal or par value;
 - (d) the cancellation of the 190 preferred shares so redeemed and conversion of the unissued 210 preferred shares into 450,000 Common Shares without nominal or par value;
 - (e) the creation of an additional 800,000 Common Shares without nominal or par value.
- (4) Of which 25,000 Common Shares are reserved for the exercise of stock options to be granted to officers and employees of the Company and 12,500 Common Shares are reserved for exercise of an option granted to the Underwriter, all as more fully described under "Options" and "Plan of Distribution".
- (5) Particulars of the lease obligations of the Company are given in note 7 to the financial statements.

DESCRIPTION OF COMMON SHARES

The holders of Common Shares are entitled to one vote per share at all meetings of shareholders of the Company. All Common Shares rank equally with all other Common Shares in respect of dividend payments and upon a winding-up or dissolution of the Company. The Common Shares presently outstanding are, and the Common Shares offered by this prospectus will be, issued as fully paid and non-assessable.

PLAN OF DISTRIBUTION

By agreement dated September 29, 1969 between the Company and Pitfield, Mackay, Ross & Company Limited (the "Underwriter"), on its own behalf as underwriter, the Company has agreed to sell and the Underwriter has agreed to buy the 250,000 Common Shares offered by this prospectus for an aggregate consideration of \$1,278,750 payable in cash against delivery of definitive certificates representing the said Common Shares on or about October 20, 1969, upon and subject to the terms and conditions set forth in the said agreement.

Pursuant to the said agreement, the Company has granted to the Underwriter an option to purchase up to 12,500 additional Common Shares at a price of \$5.50 per share at any time and from time to time for a period of eighteen months from the date of such agreement.

The said agreement also provides that the obligations of the Underwriter are subject to certain conditions precedent and that the Underwriter is obliged to take up and pay for all of the Common Shares offered by this prospectus if any of the said shares are purchased under the said agreement. The 250,000 Common Shares purchased by the Underwriter will be offered to the public in Canada through the Underwriter and other registered dealers and brokers.

By agreement dated September 29, 1969, the holders of the presently outstanding 750,000 Common Shares have each agreed not to sell, assign, hypothecate, transfer or otherwise dispose of any Common Shares in the capital of the Company owned by them for a period of one year from the date of such agreement without the prior written consent of the Underwriter.

STOCK PURCHASE PLAN

The Company has established a key employee stock purchase plan pursuant to which 28,000 of the 250,000 Common Shares offered by this prospectus are being sold at the issue price to certain key employees of the Company. The individual purchasers may borrow the purchase price from the Company's bankers and the Company has agreed to guarantee their loans totalling up to \$154,000 and to this extent the Company has a contingent liability. The 28,000 Common Shares will be held in escrow pursuant to an escrow agreement with Montreal Trust Company as escrow agent, which agreement provides that 20% of the escrowed Common Shares held for each individual shall be released on September 1 in each of the years 1970 to 1974 inclusive, provided such individual is then still in the employ of the Company and provided that the portion of the bank loan attributable to the Common Shares so released has been repaid.

The escrow agreement further provides that in the event that any individual ceases to be employed by the Company, he is to receive free from escrow 1/60th of the number of Common Shares originally held in escrow for him for each completed month of service, disregarding fractions, minus the Common Shares previously released from escrow. The balance of Common Shares will be sold on the open market or to another employee or employees as directed by the committee administering the plan at a price equal to the lesser of the original issue price of such Common Shares plus accrued bank carrying charges thereon or the market value thereof, and the vendor will receive in respect thereof only the amount, if any, remaining after applying the proceeds of such sale to the repayment of the bank loan incurred in purchasing such shares. If such proceeds are insufficient to repay such bank loan in full, the unpaid principal of the bank loan incurred with respect to such shares shall be borne by the Company.

Provision is also made in the escrow agreement for the release of the Common Shares in the event of the death of an individual or at the discretion of the committee administering the plan for any other reason.

USE OF PROCEEDS

The estimated net proceeds to be derived by the Company from the sale of the 250,000 Common Shares offered by this prospectus, amounting to \$1,228,750 after deducting the estimated expenses of issue payable by the Company, will be used as to \$150,000 to provide the funds for the Company's initial investment in Sanyo Canada Limited referred to under "Joint Venture". Up to \$350,000 may be used to provide further advances to Sanyo Canada Limited to finance its inventories and accounts receivable and the balance will be added to the funds of the Company and used to finance additional inventories and accounts receivable.

MATERIAL CONTRACTS

The Company has, within the two years preceding the date hereof, entered into the following material contracts other than contracts entered into in the ordinary course of business:

- (i) The agreements for the acquisition of the assets of Magnasonic Industries Ltd. and Ruba International Corporation referred to under "Interest of Management and Others" and "Prior Sales";
- (ii) The agreement with Sanyo Electric Trading Co., Ltd. referred to under "Joint Venture";
- (iii) The Company's distributorship contracts with Sanyo, Grundig, Nivico and Trio, referred to under "Principal Distributorship Contracts";
- (iv) The underwriting agreement referred to under "Plan of Distribution";
- (v) The stock purchase plan and escrow agreement referred to under "Stock Purchase Plan".

Copies of such contracts and agreements (other than those referred to under (iii) above) may be inspected during ordinary business hours at the head office of the Company while the Common Shares offered by this prospectus are in the course of primary distribution to the public and for a period of thirty days thereafter.

REGISTRAR AND TRANSFER AGENT

Montreal Trust Company at its principal offices in the cities of Halifax, Montreal, Toronto, Calgary and Vancouver is the registrar and transfer agent for the Common Shares of the Company.

AUDITORS

The auditors of the Company are Messrs. Zittrer, Siblin, Stein, Levin & Co., Chartered Accountants, 4115 Sherbrooke Street West, Westmount, Quebec.

LEGAL MATTERS

Legal matters will be passed upon on behalf of the Underwriter by Messrs. Smith, Davis, Anglin, Laing, Weldon & Courtois, and on behalf of the Company by Messrs. Mendelsohn, Rosentzveig, Shacter, Taviss, Shayne, Greenstein & Levitt, both of Montreal.

ELIGIBILITY FOR INSURANCE COMPANIES

In the opinion of counsel, the Common Shares are investments in which a company registered under Part III of the Canadian and British Insurance Companies Act (Canada) may invest its funds without availing itself of Section 63(4) of such Act.

MAGNASONIC CANADA LTD.

Balance Sheet and Pro Forma Balance Sheet as at March 31, 1969

	Assets	Pro Forma Balance Sheet (Note 1)
	Balance Sheet	
CURRENT ASSETS		
Cash	\$ 47,861	\$1,121,611
Accounts receivable (less allowance for doubtful accounts of \$14,031)	1,386,341	1,386,341
Inventory at the lower of cost or net realizable value.....	2,650,644	2,650,644
Deposits and prepaid expenses.....	45,335	45,335
	<hr/>	<hr/>
	4,130,181	5,203,931
INVESTMENT IN AND ADVANCES TO SANYO CANADA LIMITED.....	<hr/>	<hr/>
	—	150,000
FIXED ASSETS, AT COST		
Furniture, fixtures and equipment	135,916	135,916
Leasehold improvements.....	85,414	85,414
	<hr/>	<hr/>
Less: Accumulated depreciation and amortization	221,330	221,330
	100,711	100,711
	<hr/>	<hr/>
	120,619	120,619
	<hr/>	<hr/>
	\$4,250,800	\$5,474,550
	<hr/>	<hr/>
	Liabilities	
CURRENT LIABILITIES		
Bank loans—secured (Note 4)	\$ 948,437	\$ 948,437
Accounts payable and sundry liabilities.....	1,711,543	1,711,543
Income taxes payable (Note 5)	380,481	380,481
	<hr/>	<hr/>
	3,040,461	3,040,461
LONG-TERM DEBT (Note 6)		
Loans payable.....	360,000	—
7½% Subordinated Notes due 1974.....	—	360,000
	<hr/>	<hr/>
	360,000	360,000
	<hr/>	<hr/>
	Shareholders' Equity	
CAPITAL STOCK		
Balance sheet		
Authorized —		
400 6% non-cumulative redeemable preferred shares of the par value of \$100 each	400 6% non-cumulative redeemable preferred shares of the par value of \$100 each	
350 common shares of the par value of \$100 each	350 common shares of the par value of \$100 each	
Issued —		
190 preferred shares.....	19,000	—
210 common shares	21,000	—
	<hr/>	<hr/>
	40,000	—
Pro forma balance sheet		
Authorized —		
2,000,000 Common Shares without nominal or par value (Note 9)	2,000,000 Common Shares without nominal or par value (Note 9)	
Issued —		
1,000,000 Common Shares	—	1,313,750
SURPLUS		
Contributed surplus.....	98,817	98,817
Retained earnings.....	711,522	661,522
	<hr/>	<hr/>
	810,339	760,339
	<hr/>	<hr/>
	\$4,250,800	\$5,474,550
	<hr/>	<hr/>

The notes on pages 16 and 17 are an integral part of the financial statements and should be read in conjunction therewith.

Approved on behalf of the Board:

(Sgd.) IGNAZ KLEIN, Director.

(Sgd.) ROBERT HIRSCHEL, Director.

MAGNASONIC CANADA LTD.

Combined Statement of Earnings for the five years ended March 31, 1969 (Note 3)

	Year ended March 31				
	1965	1966	1967	1968	1969
REVENUE					
Sales.....	\$2,368,528	\$3,010,461	\$2,973,652	\$6,966,679	\$11,210,542
Commissions earned	—	—	—	13,360	113,149
	2,368,528	3,010,461	2,973,652	6,980,039	11,323,691
EXPENSES					
Cost of goods sold and operating expenses.....	2,264,693	2,878,595	2,829,138	6,530,005	10,167,501
EARNINGS BEFORE THE UNDERTONED ITEMS	103,835	131,866	144,514	450,034	1,156,190
Management remuneration...	22,720	24,180	33,100	54,240	71,970
Depreciation.....	7,146	8,327	12,526	23,362	36,208
Interest.....	18,047	30,379	42,222	119,953	220,873
Past service pension contributions.....	—	—	—	42,680	—
	47,913	62,886	87,848	240,235	329,051
EARNINGS BEFORE INCOME TAXES					
Provision for income taxes...	55,922	68,980	56,666	209,799	827,139
19,596	26,355	19,466	91,014	431,241	
NET EARNINGS	\$ 36,326	\$ 42,625	\$ 37,200	\$ 118,785	\$ 395,898
EARNINGS PER SHARE (on the basis of 1,000,000 Common Shares to be outstanding upon completion of this financing) ..	3.6¢	4.3¢	3.7¢	11.9¢	39.6¢

MAGNASONIC CANADA LTD.

Combined Statement of Surplus for the five years ended March 31, 1969 (Note 3)

	Year ended March 31				
	1965	1966	1967	1968	1969
RETAINED EARNINGS					
BALANCE — BEGINNING OF YEAR.....	\$159,172	\$183,035	\$205,897	\$236,965	\$315,624
Net earnings for the year ..	36,326	42,625	37,200	118,785	395,898
Transfer to contributed surplus (Note 2).....	12,463	19,763	6,132	40,126	—
	23,863	22,862	31,068	78,659	395,898
BALANCE — END OF YEAR ..	183,035	205,897	236,965	315,624	711,522
CONTRIBUTED SURPLUS					
BALANCE — BEGINNING OF YEAR.....	20,333	32,796	52,559	58,691	98,817
Premium on issue of Common Shares (Note 2)	12,463	19,763	6,132	40,126	—
BALANCE — END OF YEAR ...	32,796	52,559	58,691	98,817	98,817
SURPLUS	\$215,831	\$258,456	\$295,656	\$414,441	\$810,339

The notes on pages 16 and 17 are an integral part of the financial statements and should be read in conjunction therewith.

MAGNASONIC CANADA LTD.

Notes to Financial Statements as at March 31, 1969

1. Pro Forma Balance Sheet

The pro forma balance sheet gives effect, as at March 31, 1969, to the following:

- (a) the redemption on May 30, 1969 of the outstanding 190 preferred shares of the par value of \$100 each for \$19,000 and the issue on the same date of the remaining authorized and unissued 140 common shares of the par value of \$100 each for \$14,000 and the resulting deduction from cash of \$5,000;
- (b) the issue to the Company of supplementary letters patent dated June 24, 1969:
 - (i) cancelling the previously issued and subsequently redeemed 190 preferred shares;
 - (ii) changing and subdividing the 350 authorized and issued common shares into 750,000 Common Shares without nominal or par value;
 - (iii) changing the remaining authorized and unissued 210 preferred shares into 450,000 Common Shares without nominal or par value;
 - (iv) increasing the authorized capital from 1,200,000 to 2,000,000 Common Shares without nominal or par value; and
 - (v) changing the Company's name from Perfect Manufacturing & Supplies Corporation Ltd. to Magnasonic Canada Ltd.;
- (c) the issue of 250,000 Common Shares without nominal or par value for a cash consideration of \$1,278,750 pursuant to an underwriting agreement dated September 29, 1969 between the Company and Pitfield, Mackay, Ross & Company Limited;
- (d) the addition to cash of the net proceeds of issue of the 250,000 Common Shares in (c) above amounting to \$1,278,750;
- (e) the deduction from cash of:
 - (i) the expenses of issue estimated at \$50,000 and the charging thereof to retained earnings; and
 - (ii) investment in and advances to Sanyo Canada Limited in the aggregate amount of \$150,000;
- (f) the conversion, effective July 1, 1969, of the loans payable in the amount of \$360,000 into \$360,000 principal amount of 7½% Subordinated Notes due September 1, 1974.

2. Acquisitions

During the year, the Company purchased the net assets of Magnasonic Industries Ltd. and Ruba International Corporation as at March 31, 1968 at their respective book values. The net assets of these companies, on that date, amounted to \$104,964 and the purchase price comprised 50 common shares of the par value of \$100 each as then constituted (being equivalent to 107,143 Common Shares as presently constituted valued at \$0.97 per share) and \$1,147 cash. These acquisitions represent a pooling of interest. The difference of \$98,817 is reflected by the Company as a premium on the issue of common shares. Inasmuch as the premium on the issue of common shares is attributable to the accumulated past earnings of these companies, it is allocated on the statement of surplus in accordance with their earnings in the appropriate fiscal periods.

3. Principles of Combination

The Company's statements of earnings and surplus include the results of operations of Magnasonic Industries Ltd. and Ruba International Corporation for the following fiscal periods:

	Magnasonic Industries Ltd.	Ruba International Corporation
1965.....	Ten months ended April 30	Year ended October 31
1966.....	Year ended April 30	Year ended October 31
1967.....	Eleven months ended March 31	Five months ended March 31
1968.....	Year ended March 31	Year ended March 31

All inter-company transactions have been eliminated from the combined financial statements.

4. Security to Banks

The bank loans are secured by the assignment of negotiable warehouse receipts in the amount of \$111,997 and a registered general assignment of book debts.

5. Income Taxes

Taxes on income of the Company, Magnasonic Industries Ltd. and Ruba International Corporation have been re-assessed by the taxing authorities up to and including the fiscal years ended March 31, 1967, March 31, 1967 and March 31, 1966 respectively. For the years subsequent thereto, the provision is considered adequate.

6. Long-Term Debt

The loans payable in the amount of \$360,000 consist of loans from a shareholder (Ignaz Klein — \$220,000), loans from Perma Holdings Inc. (a company owned by Ignaz Klein and members of his family — \$70,000) and loans from others (\$70,000).

Effective July 1, 1969 the foregoing loans were converted into \$360,000 principal amount $7\frac{1}{2}\%$ Subordinated Notes due September 1, 1974. The Subordinated Notes are redeemable, in whole or in part, at the option of the Company at any time and from time to time after September 1, 1970 at par plus accrued interest provided that any such redemption does not have the effect of reducing the Company's consolidated working capital below \$2,000,000. The Subordinated Notes are subordinate and junior in right of payment to all other indebtedness of the Company in the event of an insolvency, bankruptcy, winding-up or other liquidation of the Company.

7. Leases

The annual rentals (exclusive of property tax escalations and net of sub-leases) payable during the next 5 years under existing leases are:

Fiscal Year Ending March 31	Annual Rentals
1970	\$66,868
1971	66,868
1972	59,518
1973	29,097
1974	—

The decline in the above annual rentals reflects the expiration of present leases.

8. Pensions

The Company instituted a pension plan in 1968 of which the sole beneficiaries are Mr. and Mrs. Ignaz Klein. This plan is fully funded and no further contributions are payable by the Company.

9. Stock Options

The Company has reserved 25,000 Common Shares for the granting of options to officers and employees. These options may be granted at the discretion of the board of directors and may be exercised as follows:

- (a) 5,000 Common Shares at a price of \$5.50 per share at any time on or before September 1, 1970, and
- (b) such options remaining after September 1, 1970 may thereafter be exercised in whole or in part from time to time up to September 1, 1974, at the following prices:

Option Price Per Share	Period	
\$6.00	September 2, 1970	to September 1, 1971
\$6.50	September 2, 1971	to September 1, 1972
\$7.00	September 2, 1972	to September 1, 1973
\$7.50	September 2, 1973	to September 1, 1974

Pursuant to the underwriting agreement between them dated September 29, 1969, an option has been granted by the Company to Pitfield, Mackay, Ross & Company Limited to purchase up to 12,500 Common Shares at a price of \$5.50 per share at any time and from time to time for a period of eighteen months from the date of said underwriting agreement.

10. Contingent Liability

Subsequent to March 31, 1969 the Company has undertaken to guarantee bank loans totalling up to \$154,000 plus carrying charges, to be incurred by employees to purchase an aggregate of 28,000 Common Shares at \$5.50 per share pursuant to the Company's key employee stock purchase plan.

Auditors' Reports

To the Directors of
Magnasonic Canada Ltd.

We have examined the balance sheet and the pro forma balance sheet of Magnasonic Canada Ltd. as at March 31, 1969 and the combined statements of earnings and surplus of Magnasonic Canada Ltd., Magnasonic Industries Ltd. and Ruba International Corporation for the three years ended March 31, 1969. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

- (a) the accompanying balance sheet, when read in conjunction with the notes thereto, presents fairly the financial position of Magnasonic Canada Ltd. as at March 31, 1969;
- (b) the accompanying pro forma balance sheet presents fairly the financial position of Magnasonic Canada Ltd. as at March 31, 1969 after giving effect as of that date to the transactions set forth in Note 1 to the financial statements; and
- (c) the accompanying combined statements of earnings and surplus, when read in conjunction with Note 3, present fairly the results of operations of Magnasonic Canada Ltd., Magnasonic Industries Ltd. and Ruba International Corporation for the three years ended March 31, 1969;

all in accordance with generally accepted accounting principles applied on a consistent basis.

(Sgd.) ZITTRER, SIBLIN, STEIN, LEVINE & Co.
Chartered Accountants.

Westmount, Quebec, September 29, 1969.

To the Directors of
Magnasonic Canada Ltd.

We have examined the combined statements of earnings and surplus of Magnasonic Canada Ltd., Magnasonic Industries Ltd. and Ruba International Corporation for the two years ended March 31, 1966. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying combined statements of earnings and surplus, when read in conjunction with Note 3, present fairly the results of operations of Magnasonic Canada Ltd., Magnasonic Industries Ltd. and Ruba International Corporation for the two years ended March 31, 1966, all in accordance with generally accepted accounting principles applied on a consistent basis.

(Sgd.) J. MAGED & Co.
Chartered Accountants.

Montreal, Quebec, September 29, 1969.

CERTIFICATES

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia), by Part 7 of The Securities Act, 1967 (Alberta), by Part VIII of The Securities Act, 1967 (Saskatchewan), by Part VII of The Securities Act, 1968 (Manitoba), by Part VII of The Securities Act, 1966 (Ontario), under the Securities Act (Quebec), by Section 13 of the Securities Act (New Brunswick) and by the respective regulations thereunder.

Dated: September 29, 1969.

Chief Executive Officer

(Sgd.) IGNAZ KLEIN

Chief Financial Officer

(Sgd.) ROBERT HIRSCHEL

On behalf of the Board of Directors

(Sgd.) E. MARX,

Director.

(Sgd.) BERNARD KLEIN,

Director.

Directors

(Sgd.) W. C. CORBETT

(Sgd.) IGNAZ KLEIN

(Sgd.) ROBERT HIRSCHEL

(Sgd.) REUBEN KLEIN

(Sgd.) BERNARD KLEIN

(Sgd.) E. MARX

(Sgd.) LEO ROSENTZVEIG

To the best of our knowledge, information and belief the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia), by Part 7 of The Securities Act, 1967 (Alberta), by Part VIII of The Securities Act, 1967 (Saskatchewan), by Part VII of The Securities Act, 1968 (Manitoba), by Part VII of The Securities Act, 1966 (Ontario), under the Securities Act (Quebec), by Section 13 of the Securities Act (New Brunswick) and by the respective regulations thereunder.

Pitfield, Mackay, Ross & Company Limited

Per (Sgd.) WARREN Y. SOPER,

Director.

The following includes the names of every person having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of Pitfield, Mackay, Ross & Company Limited: W. C. Pitfield, H. H. Mackay, D. L. Torrey, R. L. Hunter, W. Y. Soper, A. F. MacAllaster and D. C. Mackay.

MAGNASONIC CANADA LTD.

**250,000 Common Shares
without nominal or
par value**

PROSPECTUS

Dated September 29, 1969

<u>Name and Address</u>	<u>Office</u>	<u>Principal Occupation</u>
Bernard Klein 40 Kelvin Street Outremont, Québec	Executive Vice-President and Director	Executive Assistant to the President of the Company since April 1, 1968, prior to which he was President and General Manager of Magnasonic Industries Ltd.
Reuben Klein 400 Walmer Road Toronto, Ontario	Vice-President and Director	General Manager, Ontario, of the Company since April 1, 1968, prior to which he was President and General Manager of Ruba International Corporation
Emil Marx 4532—9th Street Laval, Québec	Vice-President, General Manager and Director	General Manager of the Company since October 18, 1966, prior to which he was employed by Grundig Verkaufs G.m.b.H.
Robert Hirschel, C.A. 5605 Randall Avenue Côte St. Luc, Québec	Vice-President—Finance, Secretary-Treasurer and Director	Vice-President—Finance of the Company since July 8, 1969, prior to which he was a partner in the firm of Zittner, Siblin, Stein, Levine & Co.
Leo Rosentzveig, Q.C. 4805 Circle Road Montréal, Québec	Director	Partner in law firm of Mendelsohn, Rosentzveig, Shacter, Taviss, Shayne, Greenstein & Levitt.
William Cecil Corbett 20610 Lakeshore Road Baie d'Urfe, Québec	Director	Treasurer, Bell Canada

Pursuant to a resolution duly passed by its Board of Directors, MAGNASONIC CANADA LTD. hereby applies for listing of the above-mentioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this Application and in the documents submitted in support thereof are true and correct.

CERTIFICATE

MAGNASONIC CANADA LTD.



Per: "IGNAZ KLEIN",
President

Per: "ROBERT HIRSCHEL", C.A.,
Vice-President & Secretary

CERTIFICATE OF UNDERWRITER/OPTIONEE

To the best of our knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

PITFIELD, MACKAY, ROSS AND COMPANY LIMITED

Per: "W. Y. SOPER"

Per: "D. L. TORREY"

DISTRIBUTION OF COMMON STOCK AS OF NOVEMBER 12, 1969

<u>Number</u>	<u>Holders of</u>	<u>1 — 24 share lots</u>	<u>Shares</u>
6	" "	1 — 24 " "	57
77	" "	25 — 99 " "	3,635
250	" "	100 — 199 " "	25,365
117	" "	200 — 299 " "	23,725
28	" "	300 — 399 " "	8,450
10	" "	400 — 499 " "	4,000
48	" "	500 — 999 " "	27,101
36	" "	1000 — up " "	907,667
<u>572</u>	<u>Shareholders</u>	<u>Total shares</u>	<u>1,000,000</u>

MAGNASONIC CANADA LTD.
ESTIMATED INTERIM BALANCE SHEET
AS AT JULY 31, 1969

ASSETS

CURRENT ASSETS

Cash	.....	.....	.....	.....	.....	\$ 3,245
Accounts Receivable (less allowance for doubtful accounts of \$14,031)	.....	.....	.....	.....	.....	1,827,542
Inventory at the lower of cost or net realizable value	.....	.....	.....	.....	.....	3,404,154
Deposits and prepaid expenses	.....	.....	.....	.....	.....	13,668
						<hr/>
						\$ 5,248,609

FIXED ASSETS AT COST						
Furniture, fixtures and equipment	.....	.....	.....	.....	.....	146,502
Leasehold improvement	.....	.....	.....	.....	.....	85,414
						<hr/>
						231,916
Less; Accumulated depreciation and amortization	.....	.....	.....	.....	.....	116,535
						<hr/>
						115,381
						<hr/>
						\$5,363,990

LIABILITIES

CURRENT LIABILITIES

Bank loans — secured	.....	.....	.....	.....	.....	1,310,920
Accounts Payable and sundry liabilities	.....	.....	.....	.....	.....	2,200,672
Income taxes payable	502,655
						<hr/>
						4,014,247

LONG-TERM DEBT

7½% Subordinated notes due 1974	360,000
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SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized						
2,000,000 common shares without nominal or par value						

Issued

750,000 common shares	35,000
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SURPLUS

Contributed surplus	98,817
Retained earnings	855,926
						<hr/>
						954,743
						<hr/>
						\$5,363,990

Approved on behalf of the Board:

IGNAZ KLEIN, President

ROBERT HIRSCHEL, C.A., Vice-President & Secretary

MAGNASONIC CANADA LTD.
COMPARATIVE ESTIMATED INTERIM STATEMENT OF EARNINGS
FOR THE FOUR MONTHS ENDED JULY 31

	1969	1968
REVENUE		
Sales	\$3,547,500	\$2,747,515
Commission income	56,262	17,923
	<hr/>	<hr/>
	\$3,603,762	\$2,765,438
EXPENSES		
Cost of goods sold and operating expenses	3,183,734	<hr/> 2,488,266
EARNINGS BEFORE THE UNDERNOTED		
ITEMS	\$ 420,028	\$ 277,172
Management renumeration	\$34,667	\$23,990
Depreciation	15,864	12,070
Interest	82,150	50,297
	<hr/>	<hr/>
	132,681	86,357
EARNINGS BEFORE INCOME TAXES	\$ 287,347	\$ 190,815
Provision for income taxes	142,943	99,605
	<hr/>	<hr/>
NET EARNINGS	\$ 144,404	\$ 91,210

